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Message Text

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PAGE 01 MOSCOW 06395 110337Z
ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 /020 W
----------120726Z 130783 /13
R 101345Z MAY 77
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 7181
USDOC
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY PARIS

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USDOC FOR BEWT/OEA AND TPD

E.O. 11652: N/A
TAGS: ESTC, UR, FR, GW, GB, US
SUBJECT: COMMERCIAL EXHIBITIONS IN MOSCOW

REFS: (A) STATE 08040, (B) MOSCOW 4891 ALL NOTAL

SUMMARY: DURING MAY 5 5 DISCUSSION, FRENCH COMMERCIAL COUNSELOR LABADIE STATED THAT, CONTRARY TO SOVIET COMMITMENT, FRENCH HAD SOLD VIRTUALLY NOTHING OF EQUIPMENT DISPLAYED AT FRENCH MACHINE TOOL SHOW LAST MONTH. ON SAME OCCASION GERMAN EMBASSY E/C MINISTER STUELPNAGLE REFERRED TO SVYAZ 77 AS A "FLOP," AND SOME U.S. FIRMS HAVE TOLD US THEY WERE DISAPPOINTED ABOUT FLOOR SALES. STUELPNAGEL SAID FRG EMBASSY HAS WARNED GERMAN EXHIBITORS THAT SALES OFF FLOOR AT ELEKTRO-77 WILL BE MINIMAL.
FRENCH, GERMAN AND BRITISH REPS WERE IN AGREEMENT THAT SOVIETS ARE DISCOURAGING PURCHASES OF EQUIPMENT AT EXHIBITIONS AND EACH ATTRIBUTED THIS IN PART TO CONCERN THAT "END-USERS" GAIN TOO MUCH INFLUENCE OVER PURCHASE DECICISION WHEN THIS IS DONE AT EXHIBITIONS. END SUMMARY.

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1. DURING SESSION OF FRG, FRENCH, UK AND US E/C CONSELORS IN US EMBASSY, LABADIE SAID FRENCH WERE VERY DISAPPOINTED WITH RESULTS OF MACHINE TOOL EXHIBITION EVEN THOUGH CONTRACTS VALUED AT 200 MILLION FRANCS HAD BEEN SIGNED (MANY AGREED IN ADVANCE ACCORDING TO LABADIE). SOVIET DEPUTY MINISTER OF FOREIGN TRADE KOMAROV HAD PROMISED FRENCH MINISTER OF TRADE THAT SOVIETS WOULD BUY AT LEAST SIXTY PERCENT OF FRENCH EQUIPMENT

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ON DISPLAY (I.E. 60 0/0 OF ABOUT 60 MILLION FRANCS), BUT SOVIETS BOUGHT "ALMOST NOTHING". LABADIE DESCRIBED THIS AS A "POLITICAL" RESPONSE TO VARIOUS DISTURBANCES AGAINST SOVIET FACILITIES IN FRANCE IN APRIL AND MENTIONED THAT SOVIETS HAD BOYCOTTED A LARGE COCKTAIL PARTY HE OFFERED ON THE OCCASION (TWO OF 70 GUESTS CAME, AND THEY HAD NOT GOT THE "WORD"). GERMAN MINISTER DEMURRED ABOUT THIS INTERPRETATION, NOTING (AND WE CONCUR) THAT SOVIETS NORMALLY DO NOT PERMIT MINOR POLITICAL GRIEVANCE TO KEEP THEM FROM BUYING SOMETHING THAT THEY REALLY WANT. (THIS NEGATIVE REPORT ON RESULTS OF EXHIBIT CONTRASTS WITH MAY 2, 1977, EAST/WEST MARKETS ACCOUNT BASED ON INTERVIEW WITH FRENCH ORGANIZER OF EXHIBITION WHO PRESUMABLY HAD SPECIAL INTEREST IN ARGUING SUCCESS OF EXHIBIT).

2. ON SVAAZ, GERMAN MINISER ASSRTED THAT EXHIBITION HAD BEEN "FLOP" BUT OFFERED NO PARTICULARS. AMERICAN EXHIBITORS AT SVJAZ GENERALLY FOUND RESULTS OF EVENT WELL BELOW THEIR EXPECTATIONS. ONE OF LARGEST U.S. EXHIBITOR AT SHOW, HEWLETT-PACKARD, WHICH REACHED AGREEMENT TO SELL ABOUT $300,000 OF EQUIPMENT AT SHOW, WAS NEVERTHELESS DISAPPOINTED WITH SHOW'S RESULTS. LOCAL H-P MANAGER POINTS OUT THAT ALL THEIR EQUIPMENT WAS IN FACT PRE-SOLD AND HAD BEEN BROUGHT TO SVJAZ FOR EXHIBIT PURCHASES ONLY. H-P SUFFICIENTLY DISSATISFIED WITH RESULTS OF SVJAZ TO BE CONSIDERING A GENERAL REDUCTION IN PARTICIPATION AT CHAMBER OF COMMERCE EXHIBITIONS AND INCREASING EMPHASIS ON SOLO TECHNICAL SERVICES. MOST U.S. FIRMS FACED LESS WELL THAN H-P. ONE VETERAN AMESJB?7/#8?8594 - 3453$ #3 #-$?33, 595-))6 #75 9UT AT SVJAZ AND SHOW HAD BEEN WORST HE HAD ATTENDED TO DATE IN USSR. AN ACTIVE LOCAL U.S.
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REPRESENTATIVE OF HIGH TECHNOLOGY COMPANIES HAS BEEN SUFFICIENTLY DISHEARTENED BY SVJAZ'S SLOW PACE TO SERIOUSLY CONSIDER DROPPING PARTICIPATION IN OPTIKA '77 THIS FALL.

3. STUELPNAGEL SAID THAT FRG HAD WARNED GERMAN FIRMS AWAY FROM ELEKTRO-77. HE PREDICTED THAT THERE WILL BE ALMOST NO FLOOR SALES AT THIS EXHIBITION AND FEW CONTRACTS SIGNED. THE MINISTER OF ELECTRICAL INDUSTRIES HAD MENTIONED TO THE GERMANS THAT HIS MINISTRY DOES NOT HAVE MUCH INTEREST IN BUYING AT THIS EXHIBITION. FRENCH AND BRITISH REPRESENTATIVES DID NOT DEMUR WITH THIS ASSESSMENT BUT SAID THAT THEIR COUNTRIES WERE COMMITTED TO SUBSTANTIAL AMOUNT OF SPACE AT ELECTRO.

4. BRITISH COMMERICIAL OFFICER APPLEYARD COMMENTED THAT SUCCESS AT EXHIBITIONS IS GOING DOWN GENERALLY, ALTHOUGH BRITISH FIRMS FELT THAT METROLOGY HAD BEEN FAIRLY SUCCESSFUL. ACCORDING TO APPLEYARD, SOVIET FIRMS ARE DISCOURAGED FROM BUYING EXHIBITION EQUIPMENT ON THE GROUND THAT IT IS NOT NEW AND THAT SPARE PARTS ARE NOT AVAILABLE. (STATE BANK OFFICIAL SAID ALMOST EXACTLY

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THE SAME TO E/C COUNSELOR LAST WEEK ON SEPARATE OCCASION).
STUELPNGEL CONCURRED WITH THIS ASSESSMENT AND SAID SOVIETS
LIKE TO TAKE MORE TIME IN EVALUATION OF PRODUCTS THAN AN
EXHIBITION PROVIDES. GERMAN, FRENCH AND BRITISH ALL STRONGLY
AGREED THAT SOVIETS FEEL END-USERS ARE "GETTING OUT OF HAND"
AT EXHIBITIONS, INSISTING THAT FOREIGN TRADE ORGANIZATIONS
BUY GOODS ON DISPLAY RATHER THAN SHOPPING FOR THE BEST BARGAIN.
CUTBACK IN PURCHASES AT EXHIBITIONS IS A RESPONSE TO THIS
PHENOMENON.

5. COMMENT: IN ADDITION TO THE ABOVE, FLOOR SALES AT RECENT
EXHIBITIONS MAY BE SUFFERING FROM GENERAL TIGHTENING UP UP
SOVIET PURCHASING FROM WEST. TRADE STATISTICS TO DATE IN 1977
FOR WEST EUROPEAN COUNTRIES TEND TO CONFIRM TREND IN LAST
HALF OF 1976 WHERE USSR CUT BACK IMPORTS AND MADE STRONG
EFFORT TOWARDS BALANCING TRADE ACCOUNTS WITH WEST, RATHER THAN
RUN UP INCREASINGLY UNPLEASANT INDEBTEDNESS. (FRANCE IS SO
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FAR A SLIGHT EXCEPTION TO THIS.) BANKERS AND SOME BUSINESSMEN TELL
US THAT THINGS ARE TIGHT AT PRESENT, WITH SOVIETS STRIVING TO
DELAY PAYMENTS WHEREVER POSSIBLE. NONETHELESS, PERHAPS TOO
MUCH CAN BE MADE OF OFF-THE-FLOOR SALES AS A BAROMETER OF A
TRADE EXHIBITION'S SUCCESS OR NON-SUCCESS. MOST SERIOUS FIRMS
WHO PARTICIPATE IN THESE EVENTS, PARTICULARLY THOSE IN HEAVY
INDUSTRY AND ENGINEERING CATEGORIES, DO SO OUT OF DESIRE
EITHER TO INCREASE MARKET EXPOSURE OR TO MAINTAIN MARKET
PRESENCE ALREADY ACHIEVED. FOR SUCH FIRMS, OFF-THE-FLOOR
SALES ARE RARELY USED AS THE BOTTOM-LINE CRITERION OF AN
EXHIBITS SUCCESS OR NON-SUCCESS.
TOON

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Message Attributes

Automatic Decaptioning: X
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Sent Date: 10-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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From: MOSCOW
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